

AMENDED IN ASSEMBLY MAY 5, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1318**

**Introduced by Assembly Member Maddox**

February 21, 2003

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~~An act to add Article 5.4 (commencing with Section 11629.6) to Chapter 1 of Part 3 of Division 2 of the Insurance Code, relating to An act to amend Section 1861.025 of the Insurance Code, relating to automobile insurance.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1318, as amended, Maddox. ~~Low-cost automobile~~ *Automobile insurance: Good Driver Discount.*

*Existing law, added by Proposition 103, requires that rates and premiums for an automobile insurance policy be determined by specified factors, including the insured's driving safety record. Existing law provides that a person is qualified to purchase a Good Driver Discount policy if he or she meets certain criteria and, within the previous 3 years, has not, among other things, been the driver of a motor vehicle involved in an accident that resulted in bodily injury or death and in which he or she was principally at fault.*

*This bill would require an insurer to notify an insured if the insurer determines that he or she was principally at fault under these provisions. It would specify that an insurer is not required to notify the insured of a specific allocation of percentages of fault.*

*Because this bill would affect a statute that amended Proposition 103, it would require approval by a  $\frac{2}{3}$  vote in each house of the Legislature.*

~~Existing law requires that every driver and every owner of a motor vehicle at all times be able to establish financial responsibility. Existing law provides that evidence of financial responsibility may be established, among other ways, by documentation that the driver or owner is insured under a policy or bond subject to a limit of not less than \$15,000 because of bodily injury to or death of one person in any one accident, not less than \$30,000 because of bodily injury to or death of 2 or more persons in any one accident, and not less than \$5,000 because of injury to or destruction of property of others in any one accident. Existing law also requires an automobile liability policy to include uninsured motorist coverage, as specified.~~

~~This bill would establish the California Low-Cost Auto Insurance Program, which would allow for the purchase of automobile insurance meeting the state's financial responsibility laws with coverage in the amount of \$10,000 for bodily injury to, or death of, each person as a result of any one accident, \$20,000 for bodily injury to, or death of all persons as a result of any one accident, and \$3,000 for damage to property of others as a result of any one accident. The bill would provide that uninsured motorist coverage issued in conjunction with a low-cost automobile policy under the program, with coverage limits at least equal to the limits of liability in the underlying low-cost automobile policy, shall satisfy the uninsured motorist requirement.~~

~~The bill would specify that a policy issued under the program shall provide liability coverage only for economic damages, and may not cover pain and suffering or other noneconomic or general damages. It would require the policy to include a provision prohibiting the insured from recovering any noneconomic or general damages in connection with any event involving damages otherwise covered under the policy.~~

~~Vote: —majority  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.~~

*The people of the State of California do enact as follows:*

- 1 ~~SECTION 1. — Article 5.4 (commencing with Section 11629.6)~~
- 2 *SECTION 1. Section 1861.025 of the Insurance Code is*
- 3 *amended to read:*
- 4 1861.025. A person is qualified to purchase a Good Driver
- 5 Discount policy if he or she meets all of the following criteria:
- 6 (a) He or she has been licensed to drive a motor vehicle for the
- 7 previous three years.

(b) During the previous three years, he or she has not done any of the following:

(1) Had more than one violation point count determined as provided by subdivision (a), (b), (c), (d), (e), (g), or (h) of Section 12810 of the Vehicle Code, but subject to the following modifications:

For the purposes of this section, the driver of a motor vehicle involved in an accident for which he or she was principally at fault that resulted only in damage to property shall receive one violation point count, in addition to any other violation points which may be imposed for this accident.

If, under Section 488 or 488.5, an insurer is prohibited from increasing the premium on a policy on account of a violation, that violation shall not be included in determining the point count of the person.

If a violation is required to be reported under Section 1816 of the Vehicle Code, or under Section 784 of the Welfare and Institutions Code, or any other provision requiring the reporting of a violation by a minor, the violation shall be included for the purposes of this section in determining the point count in the same manner as is applicable to adult violations.

(2) Had more than one dismissal pursuant to Section 1803.5 of the Vehicle Code that was not made confidential pursuant to Section 1808.7 of the Vehicle Code, in the 36-month period for violations that would have resulted in the imposition of more than one violation point count under paragraph (1) if the complaint had not been dismissed.

(3) Was the driver of a motor vehicle involved in an accident that resulted in bodily injury or in the death of any person and was principally at fault. The commissioner shall adopt regulations setting guidelines to be used by insurers for the ~~their~~ determination of fault for the purposes of this paragraph and paragraph (1). *An insurer shall provide notification to an insured if the insurer determines that he or she was principally at fault under this paragraph. An insurer is not required to notify the insured of a specific allocation of percentages of fault.*

(c) During the previous seven years, he or she has not been convicted of a violation of Section 23140, 23152, or 23153 of the Vehicle Code, a felony violation of Section 23550 or 23566, or former Section 23175 or, as those sections read on January 1, 1999,

1 of the Vehicle Code, or a violation of Section 191.5 or paragraph  
2 (3) of subdivision (c) of Section 192 of the Penal Code.

3 (d) Any person who claims that he or she meets the criteria of  
4 subdivisions (a), (b), and (c) based entirely or partially on a  
5 driver's license and driving experience acquired anywhere other  
6 than in the United States or Canada is rebuttably presumed to be  
7 qualified to purchase a Good driver Discount policy if he or she has  
8 been licensed to drive in the United States or Canada for at least  
9 the previous 18 months and meets the criteria of subdivisions (a),  
10 (b), and (c) for that period.

11 ~~is added to Chapter 1 of Part 3 of Division 2 of the Insurance Code;~~  
12 ~~to read:~~

13  
14 ~~Article 5.4.—California Low-Cost Auto Insurance Policy Act of~~  
15 ~~2003~~  
16

17 ~~11629.6.—There is established the California Low-Cost Auto~~  
18 ~~Insurance Program, through which low-cost automobile insurance~~  
19 ~~that satisfies the state's financial responsibility laws may be~~  
20 ~~purchased by individuals meeting eligibility requirements.~~

21 ~~11629.62.—(a) A low-cost automobile insurance policy for~~  
22 ~~purposes of the program established under this article shall have~~  
23 ~~the following attributes:~~

24 ~~(1) The policy shall offer coverage in the amount of ten~~  
25 ~~thousand dollars (\$10,000) for bodily injury to, or death of, each~~  
26 ~~person as a result of any one accident and, subject to that limit as~~  
27 ~~to one person, twenty thousand dollars (\$20,000) for bodily injury~~  
28 ~~to, or death of, all persons as a result of any one accident, and three~~  
29 ~~thousand dollars (\$3,000) for damage to property of others as a~~  
30 ~~result of any one accident.~~

31 ~~(2) The policy shall provide liability coverage only for~~  
32 ~~economic damages. It may not cover pain and suffering or other~~  
33 ~~noneconomic or general damages.~~

34 ~~(3) The policy shall include a provision prohibiting the insured~~  
35 ~~from recovering any noneconomic or general damages in~~  
36 ~~connection with any event involving damages otherwise covered~~  
37 ~~under the policy.~~

38 ~~(b) Notwithstanding the coverage amounts required by~~  
39 ~~Sections 11580.2 and 16056 of the Vehicle Code, uninsured~~  
40 ~~motorist coverage issued in conjunction with a low-cost~~

1 ~~automobile policy under the program, with coverage limits at least~~  
2 ~~equal to the limits of liability in the underlying low-cost~~  
3 ~~automobile policy, shall satisfy the requirements of Section~~  
4 ~~11580.2 and the financial responsibility requirements of Sections~~  
5 ~~4000.37, 16021, and 16431 of the Vehicle Code.~~

6 ~~(e) Notwithstanding the coverage amounts required by Section~~  
7 ~~16056 of the Vehicle Code, a low-cost automobile policy issued~~  
8 ~~under the program shall satisfy the financial responsibility~~  
9 ~~requirements of Sections 4000.37, 16021, and 16431 of the~~  
10 ~~Vehicle Code.~~

